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INTELLIGENCE BRIEF

LITTLE CHANGE
IN CHINESE COMMUNIST AGRICULTURAL SITUATION
EXPECTED IN 1965

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LITTLE CHANGE
IN CHINESE COMMUNIST AGRICULTURAL SITUATION
EXPECTED IN 1965

Communist China's grain harvest this year probably will not differ significantly from the mediocre harvest of last year, which is estimated to have been between 170 million and 175 million metric tons (mt).^{*} The ultimate size of this year's harvest, however, will be heavily dependent on the outcome of the late grain crop, which in some areas will not be harvested until the latter part of November. Although the outlook for the late harvest is currently somewhat more favorable than it was at the same time in 1964, an increase in the output of fall-harvested grain will at best do little more than compensate for the estimated decline of about 4 million mt in the harvest of early grains. Furthermore, bad weather in the rice-producing areas during the fourth quarter of 1965 could reduce the late harvest significantly.

The 1965 production of such industrial crops as cotton and oilseeds may be somewhat less than that of 1964, in part because grain crops appear to have been substituted for these crops in portions of North and East China. In addition, yields may have been reduced in much of the area north of the Huai River because of unfavorable weather.

As in recent years, the growth of population has again exceeded any likely increase in the production of grain. Estimated per capita availability of grain in the 1965/66 consumption year,^{**} including imports, shows only a slight decline below that of 1964/65, but will be about 9 percent below the estimated level of 1962/63 and some 16 percent below the level of 1957/58. However, an increase in the availability of nongrain foods in recent years has compensated, in part, for the decline in grain (see Table 1).

During the next five years the regime will be hard pressed to obtain further substantial increases of food from the private sector without corresponding shifts of land from the collective fields. The increase in food supplies necessary to keep pace with population growth will have to be obtained primarily by increasing the output of major grain crops as well as continued large-scale imports of grain from the West.

China continues to be a net importer of large quantities of grain from the West and is expected to purchase well over 5 million mt for delivery during the period July 1965 through June 1966. These imports

^{*} Including tubers on a grain-equivalent basis of 4 to 1.

^{**} 1 July to 30 June.

along with the contribution of many varieties of nongrain foods, primarily from private plots, should prevent any serious deterioration in food supplies prior to the spring harvest of 1966.

1. The 1965 Harvest

Although it is too early to predict with certainty what the production of grain in Communist China will be in 1965, it appears unlikely that it will deviate significantly from the mediocre crop in 1964, which is now estimated to have been between 170 million and 175 million mt. The size of the harvest in 1965 is still heavily dependent on the outcome of the late grain crops. Although prospects for the late crops are currently somewhat more favorable than in 1964, an increase in the production of fall-harvested grain will at best do little more than compensate for the estimated decline of about 4 million mt in the harvest of early grains in 1965. The total production of grain could fall significantly below the 1964 level if the intermediate and late rice crops are damaged by unforeseen calamities such as typhoons, fall flooding, or wind and prolonged rainfall.

a. The Early Harvest

The harvest of early grain, which normally accounts for about one-quarter of the total output of grain, is estimated to have been about 41 million mt in 1965 -- 4 million mt below that of 1964. The early grain harvest consists of winter wheat, winter miscellaneous grains, and early rice.

The early rice crop was good. The acreage of this crop was increased by an estimated 350,000 hectares in 1965. Growing conditions for early rice were favorable in all of the major growing areas in South and Central China. In East China, however, particularly in Chekiang Province, the crop was adversely affected by drought.

The harvest of winter wheat and winter miscellaneous grains was relatively poor because of a reduction in acreage and generally poor growing conditions. These crops were planted last fall under adverse conditions in all of the major growing areas. Prolonged rainfall throughout the fall of 1964 delayed or prohibited the sowing of winter wheat in many areas of North, East, and Northwest China as well as the sowing of barley and beans in East, Central, and Southwest China. As a result the acreages of winter wheat and winter miscellaneous grain are estimated to have been 10 and 15 percent, respectively, less than in 1964. The

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weather then turned unusually dry, warm, and windy, crusting the soil and retarding plant growth. This adverse weather continued during the winter and spring, and, as a consequence, yields of these grains were less than in 1964.

b. The Late Harvest

An increase is anticipated in the overall harvest of fall grains, provided that no serious natural calamities occur before these crops are harvested. However, prospects for the fall harvest of grain have been mixed throughout the growing season, and the increase will at best barely compensate for the shortfall in the harvest of early grain.

Production of intermediate and late rice probably will be improved over the mediocre harvest in 1964. To date there is no indication of a significant change in the combined acreage of intermediate and late rice in 1965. Weather has been generally favorable over most of the major rice-growing regions of China, which are located south of the Huai River. The most notable improvement in growing conditions over last year has been in Central China, where moisture conditions are considerably better. Although these have been frequent reports of insect and disease damage to the rice crop, losses are probably no greater than last year. The rice harvest should also be better in South and Southwest China, provided that there is no recurrence of the typhoons in Kwangtung or of the heavy rainfall throughout the harvesting season in Central China and in Szechwan that caused the serious harvesting and storage losses in these areas in 1964. Prospects for the intermediate and late rice crops are currently unfavorable in the East China provinces of Anhwei and Kiangsu, because of flooding caused by unusually heavy rainfall throughout July and August.

The harvest of autumn miscellaneous grains, tubers, and spring wheat will probably approximate the poor harvest of 1964 in most areas north of the Huai River. The acreage sown to these grains in 1965 remained well below normal, and growing conditions have been very poor over most of the area north of the Huai River. In the North China Plain, which accounts for about one-fifth of China's cultivated area and for roughly 15 percent of the autumn-harvested grain (excluding tubers), yields have been affected by unusually dry weather in the area north of the Yellow River and by unusually heavy and prolonged rainfall from late June through August in the area south of the river. Growing conditions have ranged from fair to poor in Northeast and Northwest China. Spring drought followed by excessive rainfall reportedly caused some

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crop damage in Northeast China; however, losses are not believed to have been unusually severe. Growing conditions have been near normal in most of the southern portion of Northwest China. On the other hand, in the northern part of Northwest China and in Inner Mongolia -- a major spring wheat area -- prolonged drought probably has caused a sharp reduction in both acreage and yield.

Measures taken by the regime in 1965 to counter the effects of the mediocre harvest in 1964 and the poor early harvest of grain in 1965 have duplicated those put into effect following poor harvests in the past, although on a more limited scale. Where possible, spring-sown (autumn-harvested) grain crops were substituted for industrial crops in the regions most seriously affected by calamities. In North China and portions of East China, more corn, kaoliang, and millet and less cotton, peanuts, and sesame were sown. Rapid-maturing but low-yielding grain such as buckwheat also was sown in some areas. In Szechwan Province, miscellaneous grains were substituted for industrial crops in the non-rice-growing regions. In Central China and portions of East and South China where the 1964 crops of intermediate and late rice were poor, the acreage of sweet potatoes for harvesting in 1965 was enlarged.

The acreage and production of most industrial crops probably will be somewhat less than last year, primarily because grains were substituted for cotton and oilseed crops in some areas. The reduction in the acreage of oilseed crops -- largely peanuts and sesame -- is believed to be especially great. The reduction in the acreage of cotton in North China, parts of East China, and Szechwan was partly offset by increases in acreage in traditionally minor cotton areas in Central China.

2. The Food Situation

There appears to have been no significant deterioration in per capita food supplies during the past three years, although the production of grain has been reduced by natural calamities. This situation has been made possible by net imports of about 5 million mt of grain per year and by substantial gains in the production of nongrain foods, primarily from the private sector. The daily caloric availability of food in the 1965/66 consumption year probably will be about 1,900 calories per capita. Nongrain foods again are expected to contribute about 18 percent of the total caloric intake. The level of 1,900 calories is about equal to the estimated level of 1962/63 -- a year with a near-average grain harvest -- but would be substantially below the level of 1957/58 (see Table 1 and the chart).

The increased consumption of nongrain foods, which began in 1962, continued through 1964, and consumption of these foods in 1965 is expected to remain at the 1964 level. These foods -- primarily leafy vegetables, fruits, and animal products produced mainly on the private plots -- have provided the average Chinese with a better balanced diet. The consumption level of these foods, however, probably is still below minimum standards for an adequately balanced diet.

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[REDACTED] the food supply has improved greatly over the very poor situation in 1960/61. Most of the [REDACTED] however, indicate that the improvement has come about through increased supplies of nongrain foods rather than through increases in the grain ration. In addition, [REDACTED] are based on observations in urban areas or in rural areas adjacent to major population centers. There is a significant lack of specific information on the food situation in the remote rural areas, particularly those in North China that have been beset by natural calamities during the past three years. In many of these areas, miscellaneous grains (such as corn, millet, and pulses) are a principal staple in the diet. The production of these grains was sharply reduced in the autumn of 1964 and probably will not be significantly better this year. It is believed that rather severe food shortages may have occurred in many areas of North China in the winter and spring of 1965 and may be repeated in some areas during the coming winter and spring. Admittedly, however, it is extremely difficult to generalize on the food situation in the rural areas of a country the size of China. For example, since the breakup of the communes, the production team has been given the responsibility for distribution of foodstuffs to its members. Distribution of grain to team members is made after deducting the government tax and procurement quotas. As a result, food rationing and distribution will vary not only between provinces and counties in China but also between production teams within the same commune.

During the next five years the regime will be hard pressed to obtain further substantial increases of food from the private sector without corresponding shifts of land from the collective fields. Such a shift is not foreseen, however, in view of the current policy of attempting to tighten up the collective sector and to hold down the so-called "resurgence of capitalism in the countryside." The increases in food supplies necessary to keep pace with population growth will have to be obtained primarily by increasing the output of major grain crops as well as continued large-scale imports of grain from the West.

3. Grain Imports

Thus far in 1965, Communist China has purchased about 4.5 million mt of grain for delivery in consumption year 1965/66, compared with about 5.4 million mt in 1964/65 (see Table 2). It is probable that additional grain will be purchased for delivery by the end of June 1966 -- perhaps as much as a million tons. Negotiations with Canada for another long-term grain agreement probably will take place during October, and Argentine officials expect that a new contract will be negotiated by mid-November. New contracts for the purchase of Australian wheat also probably will be signed in the near future.

Beginning in 1960/61, Communist China became a net importer of grain. Since that time the level of net grain imports has varied according to the domestic production of wheat and rice (the basic commercial grains*) -- that is, increases in imports have followed reduction in domestic output, and vice versa. For example, the increase in 1964/65 in the supply of rice and wheat from domestic sources permitted a cut-back in imports of grain from the level of the previous year.

China continues to export rice even in grain-deficit years because of the political benefits gained and the relatively high price commanded by rice in international trade. Chinese exports of rice thus far in consumption year 1965/66 total about 500,000 mt, compared with 600,000 mt in 1964/65. Prior to 1960, rice exports averaged over one million tons per year.

* Commercial grains are those primarily procured by the government for redistribution under the rationing program. Rice and wheat products constitute the major cereals consumed in the urban areas, which are also the major recipients of imported grain.

Table 1

Communist China:
Estimated Daily Per Capita Caloric Availability of Food
Consumption Years 1957/58 Through 1965/66

			Calories <u>a/</u>
Consumption Year <u>b/</u>	From Grain <u>c/</u>	From Nongrain Foods	Total
1957/58	1,850	400	2,250
1958/59	2,000	200	2,200
1959/60	1,600	100	1,700
1960/61	1,550	100	1,650
1961/62	1,600	200	1,800
1962/63	1,700	200	1,900
1963/64	1,650	300	1,950
1964/65	1,600	350	1,950
1965/66 <u>d/</u>	1,550	350	1,900

a. Rounded to the nearest 50 calories.

b. 1 July - 30 June.

c. Including grain production, net imports of grain, and tubers
on a grain-equivalent basis.

d. Preliminary.

Table 2

Communist China:
Retained Imports of Grain a/
Consumption Years 1960/61 Through 1965/66

Thousand Metric Tons	
<u>Consumption Years <u>b/</u></u>	<u>Imports</u>
1960/61	2,660
1961/62	5,978
1962/63	5,425
1963/64	5,854
1964/65	5,350
1965/66 <u>c/</u>	4,500

a. Rice exports, which average about 700,000 metric tons per year, have not been deducted from these totals.

b. 1 July - 30 June.

c. Purchases up to 10 October 1965. Under these contracts the Chinese have an option to purchase at least an additional 200,000 metric tons if they so desire.

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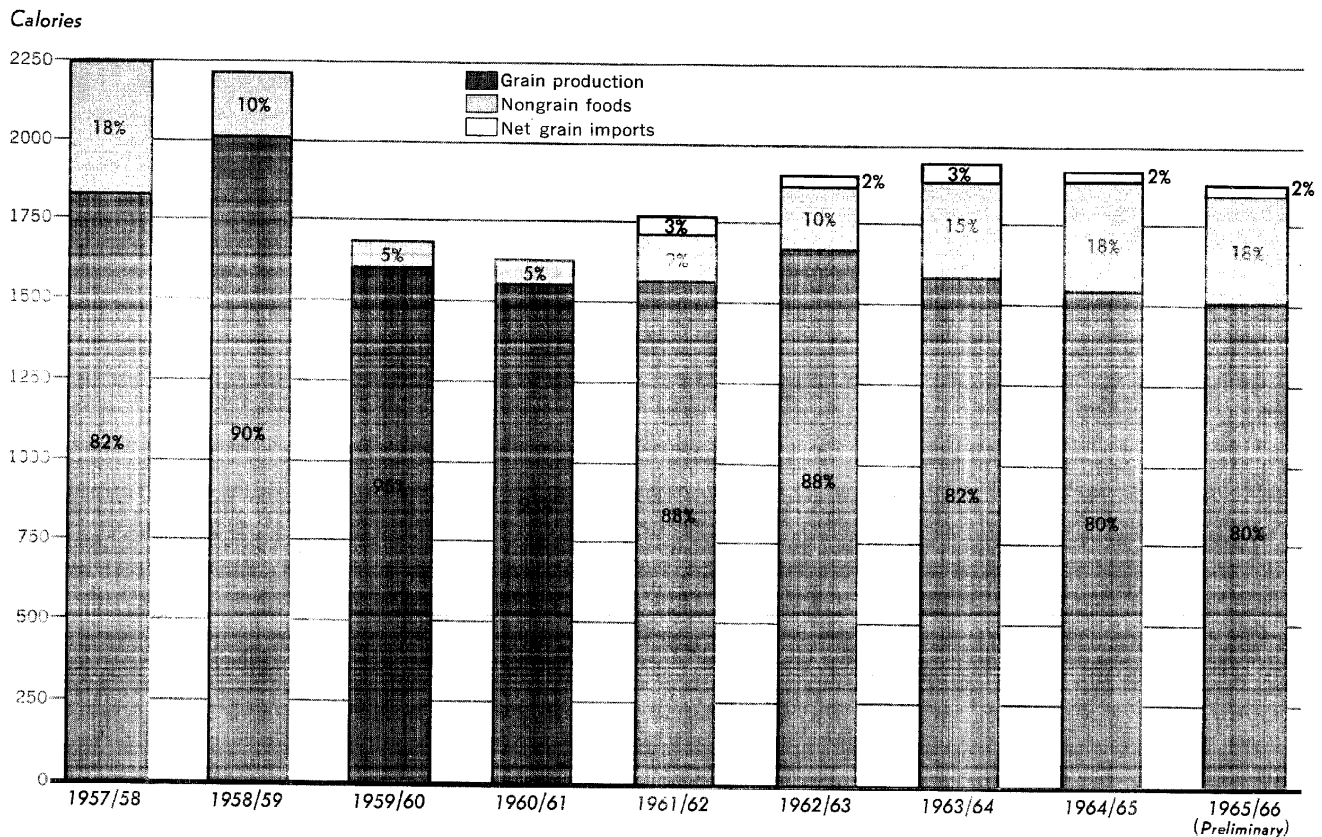
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COMMUNIST CHINA
DAILY PER CAPITA CALORIC AVAILABILITY OF FOOD
CONSUMPTION YEARS 1957/58-1965/66



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